

August 25, 2006

Mr. Les Boles, Director
Office of State Budget
1201 Main Street, Suite 950
Columbia, SC 29201

Dear Mr. Boles:

Enclosed please find eleven printed copies and one electronic file containing all sections of the FY 2007-08 Budget Plans for the South Carolina Forestry Commission. We are not requesting any capital funds or FTEs with this budget plan. We are requesting no changes in our provisos.

As you are aware, our agency has more than shared in the financial difficulties the state faced during the first half of the decade, with financial cuts in excess of 40% and the loss of 24% of our workforce. These cuts have left us perilously close to being unable to carry out our basic duties in anything more than an average fire year. A total of \$2.75 million is needed to stabilize many critical positions currently funded with stopgap, short term grants. This funding also would cover recent cost increases in mission critical operational funding and allow mission critical positions to be filled.

An analysis of forestry's contribution to the state's economy using data compiled in 2000 showed the total impact to be 14.7 billion dollars. Since that time forest industry has made major changes, expanding its manufacturing presence in the state while cutting out its wildland fire fighting. Those fire protection duties, among others, have fallen to the Forestry Commission. It is crucial that the agency be adequately funded and staffed to provide forest landowners and rural residents of this state with wildfire protection as well as technical support to protect investments in the forest resource.

Given the foregoing, we have not completed the Cost Savings Addendum. I believe I would be derelict in my responsibilities to propose additional cuts at this time.

Sincerely,

Robert C. Schowalter
State Forester

/lm

**FISCAL YEAR 2007-08
BUDGET PLAN**

I. EXECUTIVE SUMMARY

- A. Agency Section/Code/Name: Section 21/P12/FORESTRY COMMISSION
- B. Statewide Mission: The South Carolina Forestry Commission's mission is to protect, promote, enhance, and nurture the forestlands of South Carolina, and educate the public about forestry issues, in a manner consistent with achieving the greatest good for its citizens. The Forestry Commission works to protect the state's natural beauty while producing a healthy, secure environment for life, work, and recreation.
- C. Summary Description of Strategic or Long-Term Goals:
- (1) **Enhance the Resource** – Serve as catalyst for the promotion, development and expansion of the forest resource and forestry-related industry in South Carolina. Improve contacts and communication with state and local levels of governments concerning forestry-related issues. Provide policy makers, industry, and environmental groups accurate and timely information on the state's forest inventory and health. Provide landowners with optimum quality forest tree seedlings to meet needs not filled by the private sector. (SCFC Accountability Report, Section I, #3 & 4; Section III, Graphs 7.2-1 & 7.2-2 and 7.1-1 – 7.1-3).
 - (2) **Protect the Resource** – Ensure prompt and effective response to wildfire. Evaluate fire protection strategies and priorities as urban development into forested areas creates additional hazards; update computer aided dispatch equipment and software. Serves as the lead agency in law enforcement services in wildfire and forest product theft and fraud arenas. Re-evaluate programs to ensure prompt response to insect and disease outbreaks and concerns. Evaluate programs to ensure protection of environmental functions, including air and water quality. Enhance water quality protection by increasing contractor recognition of, and compliance with, forest Best Management Practices. Promote the responsible use of prescribed fire. Our budget priority will provide recurring funds that will allow the SCFC to further stabilize critical positions now funded with temporary federal grant funds, fill critical vacancies and improve the agency's ability to hire qualified individuals for firefighters and dispatchers, as well as support forest fire suppression equipment replacement, including maintenance, repairs and fuel. (SCFC Accountability Report, Section I, #3& 4; Section II, Protect the Resource; Graphs 7.2-3 – 7.2-9)
 - (3) **Manage the Resource** – Provide improved land management services to the landowners of South Carolina by being more responsive to the needs of our customers. Administer reforestation programs and provide technical forest management assistance designed to meet landowners' goals. Provide technical assistance, educational and financial grants in community forestry to local governments, non- profit organizations, other agencies, and individuals. Use landholdings to demonstrate innovative forest management techniques as well as for in-house training and applied research. (SCFC Accountability Report, Section I, #3&4; Section II, Manage the Resource; Section III, Forest Management, State Forests. Section III, Graphs 7.1-1 – 7.1-3.)

- (4) **Raise the Awareness** – Develop and promote forestry programs for all audiences. The SCFC will advance its function as the initial source for forest management information and assistance in South Carolina. Utilize all media to reach targeted audiences with relevant forestry information. Significantly increase interaction, cooperation and communication with other state agencies, local governments, forestry organizations, universities, professional societies, environmental and conservation groups. (SCFC Accountability Report, Section I, #4; Section II #6, Raise Awareness about the Resource; Section III, 6.1, Forestry Education and Graph 7.2-10.)
- (5) **Prepare to Meet Future Demands** – Strive to maintain a capable, satisfied and diverse work team. Enhance professional development for personnel to efficiently, safely and professionally provide better services. Review staffing levels and organizational structure to ensure the agency is in a position to supply needed services. Establish goals and implement plans to reduce the number of job-related injuries. Establish goals and implement vehicle and equipment operation safety training to reduce the number of accidents. The Budget Priority will better enable the agency to maintain a capable, satisfied and diverse work team, as well as bring staffing of mission critical positions back to a more appropriate level. (SCFC Accountability Report, Section I, #3 & #4, Section III, Graphs 7.4-1 – 7.4-3).

[illegible]

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:		0	0	0	0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (<i>if applicable</i>):										
Priority No.:	Title:	0	0	0	0	0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (<i>if applicable</i>):										
TOTAL OF ALL PRIORITIES		\$ 0	\$2,750,000	\$ 0	\$ 0	2,750,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$15,308,057
Federal\$ 5,381,954
Other \$ 4,809,500

- F. Efficiency Measures: Budget reductions, with the resulting loss in personnel and experience have had a negative impact on the efficiency and effectiveness of the Forestry Commission (SCFC Accountability Report Section I, 4; Section II, #'s 1, 3 & 4; Section III, Graphs 7.3-1 & 7.3-2). In response to budget declines and increasing vacancies, the agency has realigned the workforce with a stronger emphasis on the core mission of protection of the forest resource. Average response time to wildfires and fire size increased slightly during Fiscal Year 2004-05. (SCFC 04-05 Accountability Report Section III, Category 7, Graphs 7.2-3 & 7.2-4).

Greater efficiency, effectiveness and customer service continued to be achieved in our dispatch centers as a result of redirecting approximately 30,000 non-smoke management notifications per year from our dispatch centers to the automated notification system. Although the SCFC averages receiving over 400,000 1-800 calls per year, average costs per 10,000 1-800 calls handled have declined over the past few years. (SCFC 04-05 Accountability Report Section III, 6.1, Forest Protection and Graphs 7.3-4 & 7.3-5).

Customer surveys indicate 94% approval rating of nursery products and services. (SCFC 04-05 Accountability Report Section III, 6.1 and 7.1 and Graphs 7.1-1–7.1-3).

SCFC use of the Visa card program has resulted in a significant decline in the number in of voucher transactions processed over the past several years, ultimately reducing the need for one FTE (SCFC 04-05 Accountability Report Section III, Graph 7.3-3).

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Total of All Capital Budget Priorities:			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: None

I. Signature/Agency Contacts/Telephone Numbers:

_____/Larry Moody & Bill Boykin/ (803) 896-8800
Bob Schowalter, State Forester

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 21 – P12 – FORESTRY COMMISSION

B. Priority No. 1 of 1

C. (1) Title: Mission Critical Functions

(2) Summary Description: Beginning in Fiscal Year 2001 through 2005 SCFC incurred \$8.3 million in base budget and mid year budget reductions. These cuts have severely impacted the agency's wildland firefighting ability and the delivery of services to the forest landowners and rural residents of South Carolina. In an effort to meet these mandated reductions, retirement and separation incentives were offered to personnel, which left critical areas of responsibility vacant. However, the loss of experienced, long-term employees has further exacerbated the agency's ability to carry out its mission critical functions. Equipment replacement and maintenance (both forest fire and technology), aerial reconnaissance of wildfires, assistance to family forest owners, training and administrative programs have been reduced. Critical positions, with priority on frontline firefighters and dispatchers, must be filled. To accomplish this and still meet the mandated reductions, temporary federal grants and non-recurring funds are being used to help fund critical positions. The past two fiscal years the agency has received two million dollars of recurring funding restoring about 25% of the cuts. These funds have been used to transfer some employees from short term federal grants and other non recurring funds to avoid further reductions in force. However, several employees still remain on stop gap federal funds or non recurring state funds.

Additionally, many field personnel are covering more than twice the geographic area for which they were previously responsible and have taken on added duties and responsibilities.

To ensure delivery of services to protect the forestlands of South Carolina, while informing the public about forestry issues as mandated in Section 48-23-90 of the South Carolina Code of Laws, the Forestry Commission requests \$2.75 million in recurring funding. This partial restoration of previous reductions is needed to insure that mission critical programs can adequately respond to an average fire season. This will allow the agency to return employees currently on short term federal grant funds to more appropriate state funding, to fill critical positions such as firefighters, dispatch personnel and pilots and slow the continuing decline in the purchasing power of the agency's firefighting and IT related equipment fund.

(3) Strategic Goal/Action Plan (*if applicable*): Four strategic goals of the Forestry Commission are: #1. Ensure prompt and effective response to wildfires and other natural disasters; #2 Evaluate wildfire protection strategies, priorities and capabilities, especially as urban development into forested areas creates additional hazards; #3 Serves as the lead in law enforcement services in wildfire and forest product theft and fraud arenas; and #4 Review staffing levels and organizational structure to ensure the agency is in a position to meet current demands.

D. Budget Program Name and Number: II Forest Landowners Assistance, 05010000.

E. Agency Activity Supported by Budget Priority

Wildfire Suppression (Firefighting, Dispatch and Equipment), Wildfire Prevention and Law Enforcement

F. Detailed Justification for Funding

- (1) Justification for Funding Increase: (a.) Protecting South Carolina's natural resources is a primary mission of the Forestry Commission. This responsibility extends to protecting homes and businesses from wildfires occurring in or adjacent to forested areas and protecting forest landowners and the resource from unscrupulous timber operations. Ensuring that citizens are confident in the safety of their surroundings is a priority. The threat from urban wildland fires is increasing as our rural areas develop into urbanized communities (an average of 94 homes and structures are destroyed by wildfire in South Carolina each year) and the financial impact of timber theft and fraud increases as values increase.

Operational support systems have not been funded at a level that allows us to maintain adequate protection services for even an average fire season. We are currently about 12% below what is considered minimum staffing for firefighters. This means firefighters have fewer backups and jeopardizes their safety as well as increases the potential for property loss. Additional funding is needed for items such as air detection and tactical air support and incident command system training (for cooperators as well as community fire services). Increased costs of equipment replacement (51% increase since 1996), maintenance and repairs and the rising cost of fuel (75% increase since FY 2004) directly affect our ability to adequately fulfill our mission to protect South Carolina's natural resources and our communities.

It has become necessary for the the Forestry Commission to transition to a firefighter staffing system and pay scale similar to those used by North Carolina, Georgia and other southern states. Firefighters in our neighboring states report for work each day and work a regularly scheduled shift, carrying out fire suppression, fire prevention, and other forestry duties. During budget year 2006-2007 the agency will seek to pilot this method of providing both fire protection and other forestry services in each region. To continue transitioning firefighters from an on call arrangement to an eight hour work day, funds will be required to increase salaries and benefits for employees. Also funds are needed to renovate and adapt existing facilities to accommodate firefighters and equipment. An improved pay scale with a more uniform work schedule will improve the agency's ability to hire and retain qualified firefighters.

Program measures will include employee and firefighter turnover rates, as well as fire response times and average fire size as reported in our Annual Accountability Report Section III, Graphs 7.4-1, 7.4-2, 7.2-3 and 7.2-4.

(b.) Base funding for fire detection, suppression, prevention and protection has become inadequate. Funding is needed to maintain adequate air detection and tactical air support in high-risk areas and to maintain operational support functions within the Forestry Commission in minimizing losses in high-risk areas. Funding is needed so that critical positions such as firefighters, pilots, and dispatch personnel can be filled and employees currently funded on short term federal grant or non recurring funds can be returned to a more secure source of funding. Base funding will be required to increase salaries to a more competitive level for new hires and existing firefighters desiring to shift from the current on call arrangement to an eight hour work day. Funding also would be utilized to modify and adapt existing facilities to handle increased personnel and equipment.

(c.) This funding is needed for effective fire protection, suppression and prevention programs at a minimally acceptable level; compliments local fire service efforts, especially in wildland urban interface areas.

(d.) Protection services have always been a high priority in South Carolina. Unfortunately budget allocations have not kept up with increasing costs and increasing property values. For example, forest resources and adjacent properties increase in overall market value each year. The Forestry Commission provides protection services against losses from fire and theft/fraud, not unlike an insurance policy. Properties increase in value each year but the level of protection has decreased. Wildland fire fighting capacity has been reduced further with the loss of cooperative support from forest industry due largely to the sale of forest industry lands. Wildland fire suppression is the highest mission priority of the South Carolina Forestry Commission. The task of hiring and retaining qualified firefighters has become increasingly difficult.

(e.) The Forestry Commission has received approval for a federal fire protection grant through the USDA Forest Service. This is a 50/50 matching grant and provides funds for conducting initial risk assessments and developing forest fuels management schemes for wildland-urban interface zones. State funded firefighter salaries are used for matching purposes for this grant. State support for these funds is critical.

(f.) The Forestry Commission has fallen well below a safe firefighter staffing level over the past several years and is currently twenty-four (24) firefighters below a safe baseline operating capacity. Funding reductions have exacerbated this problem but when vacancies occur, personnel replacements under our current operating and salary structure are difficult to find. Increased compensation and a more structured work schedule and environment are essential to the future of wildland fire suppression in South Carolina. Three regions of the state are given operational budgets to provide protection services for their geographic area. Due to budget reductions, base operating budgets for these operational units are now funded primarily with short term federal grants and revenue earned from forestry services. Carry forward and other fund balances are not appropriate for funding permanent FTE's – recurring funds are needed for this purpose.

Efficiency measures include fire response times and average fire sizes as reported in our Annual Accountability Report Section III, Graphs 7.2-3 and 7.2-4. Also measured is the efficiency of timber theft and fraud investigations by the number and value of cases completed and wildfire investigations and prosecutions, as reported in SCFC 04-05 Annual Accountability Report in Section III, Graphs 7.2-5 and 7.2-6.

(2)

FY 2006-07 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		0			0.00
(b) Salary		\$1,148,148			\$1,370,370
(c) Fringe Benefits		\$401,852			\$479,630
Program/Case Services		0			0
Pass-Through Funds		0			0
Other Operating Expenses		\$1,200,000			\$900,000
Total	\$ 0	\$2,750,000	\$ 0	\$ 0	\$2,750,000
<i>* If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$15,308,057
Federal	\$ 5,381,954
Other	\$ 4,809,500

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs - N/A

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Salary					\$ 0
(c) Fringe Benefits					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Salary					\$ 0
(c) Fringe Benefits					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State	<u>362.81</u>
Federal	<u>22.49</u>
Other	<u>26.00</u>

Agency-wide Vacant FTEs as of July 31, 2006: 53

% Vacant 12%

H. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 21/P12/FORESTRY COMMISSION
- B. Agency Activity Number and Name:
- C. Explanation of Cost Savings Initiative: In consideration of previous budget cuts and the current budget request, there are no opportunities for additional cuts in the existing budget.
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$ 0	\$ 0	\$ 0	\$ 0	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name: Section 21/P12/FORESTRY COMMISSION

B. Agency Activity Number and Name: (1) 1204 / State Forest Resource Management – **H. Cooper Black Field Trial Area**
(2) 1192 / Wildland Fire Equipment – **Columbia Headquarters Shop Facility**

C. Explanation of Lowest Priority Status: (1) This is a recreational field dog facility that was built on Sand Hills State Forest in the late 1990's and operated by the Forestry Commission since then. The Forestry Commission has repeated in previous budget hearings that this facility should be transferred to PRT since it is directly tied to intensive recreation and tourism. For Fiscal Year 2007, a proviso in the appropriations bill authorizes the transfer of the operation of the facility to Parks, Recreation and Tourism. The Commission at one point was receiving \$200,000 of recurring state appropriations to operate and maintain the facility. With budget reductions, the Commission has not received any state funds for the facility in recent years; its operation has been funded from receipts generated by the facility and supplemented by receipts from the Sand Hills State Forest budget. Savings will come from Sand Hills State Forest no longer having to generate approximately \$150,000 of income to maintain the facility.

(2) As budget reductions from the previous years continue to strap the agency's capacity, the agency has shifted its equipment maintenance and fabrication operations at its Columbia facility to regional facilities. In keeping with recommendations from Fleet Management's/Mercury Associates shop survey last year, the Columbia facility will no longer be staffed. This will result in the reduction of one FTE and savings of approximately \$40,000.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	1.00	0	0	0	1.00	2.00
(b) Personal Service	30,000		0	0	26,000	\$ 56,000
(c) Employer Contributions	10,000		0	0	9,000	\$ 19,000
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	115,000	\$ 115,000
Total	\$ 40,000	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 190,000

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

(1) Transfer of operation of H. Cooper Black Field Trial Facility to PRT should have no detrimental effect on customer or clients other than where to make initial contact for reservations. Better marketing should enhance the use of the facility with a narrower focus on managing for intensive recreation.

(2) Firefighters will be redirected to regional facilities for maintenance and repair of fire suppression equipment requiring additional travel and time; motor pool vehicles will be serviced and maintained by Department of Corrections or private vendors, which will require some additional employee time away from normal duties.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1204/State Forest Resource Management – H. Cooper Black Field Trial Area	0	0	0	0	150,000	\$ 150,000	1.00
Activity Number & Name: 1192/Wildland Fire Equipment – Columbia Headquarters Shop Facility	40,000	0	0	0	0	\$ 40,000	1.00
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 40,000	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 190,000	2.00

